

DIRECT TESTIMONY
OF
WILLIAM H. ATWOOD, JR., P.E.
WATER ENGINEER

WATER DEPARTMENT
FINANCIAL ANALYSIS DIVISION
ILLINOIS COMMERCE COMMISSION

ILLINOIS-AMERICAN WATER COMPANY

Application for a Certificate of Public Convenience and Necessity to Provide Water
Service to a Parcel in Cook County, Illinois, Pursuant to Section 8-406 of the
Illinois Public Utilities Act.

DOCKET NO. 07-0407

SEPTEMBER 12, 2007

WITNESS IDENTIFICATION AND BACKGROUND

Q. Please state your name and business address.

A. My name is William H. Atwood, Jr. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701.

Q. Please describe your present position and its responsibilities.

A. I am presently employed as a Water Engineer in the Water Department of the Financial Analysis Division of the Illinois Commerce Commission ("ICC" or "Commission"). My responsibilities include reviewing and analyzing tariff filings related to rates, rules, regulations, and conditions of utility service; reviewing applications for certificates of public convenience and necessity; reviewing information regarding the prudence of Qualifying Infrastructure Plant investment costs; reviewing various other petitions pertaining to water or sewer utilities; inspection of water and sewer facilities and presenting expert witness testimony at Commission hearings.

Q. Please describe your professional experience.

A. I have been employed by the Commission since February 16, 2007. Prior to joining the Commission I was employed by the Illinois Department of Transportation ("IDOT") - Division of Highways/District 6 as a civil engineer for approximately four and one-half years. My primary responsibilities included preparation of engineering reports, plans and specifications for urban and rural

24 highway renovation projects. I also performed construction inspections to check
25 compliance with plans and specifications, and for preparation of contractor
26 payments.

27
28 Prior to IDOT, I was with Benton and Associates, Inc., a consulting engineering
29 firm, for approximately twelve years. The firm is located in Jacksonville, Illinois.
30 My primary role was project manager for various environmental engineering
31 projects that included wastewater treatment plants, sanitary sewers, wastewater
32 pump stations, potable water mains, raw water pumping systems, and land
33 application of potable water and wastewater sludges. Work responsibilities
34 included preparation of engineering planning reports, engineering design,
35 preparation of construction documents, obtaining easements, preparing Illinois
36 Environmental Protection Agency ("IEPA") construction permits applications,
37 construction inspection and engineering, construction contract administration and
38 providing assistance in obtaining loan and grant project funding.

39
40 Prior to Benton and Associates, Inc., I was with IEPA - Division of Water
41 Pollution Control for approximately six years in both the Permits Section and the
42 Field Operations Section. While I was in the Permits Section, I reviewed
43 preliminary engineering reports, construction plans and specifications for
44 compliance with technical standards, and eligibility for grant funding. In the Field
45 Operations Section, I performed monitoring and inspection of municipal and
46 industrial wastewater treatment facilities for compliance with National Pollutant

Discharge Elimination System Permit conditions and Title 35 water regulations, investigated citizen pollution complaints and provided regulatory and operational assistance to industrial and municipal wastewater personnel.

Q. Please describe your educational background.

A. I received a Bachelor of Science Degree in Civil Engineering from the University of Illinois at Urbana-Champaign in 1983. I became a Licensed Professional Engineer ("PE") in the State of Illinois in January of 1991.

Q. Please describe your professional affiliations.

A. I am a member of the American Water Works Association, the Water Environment Federation, and the National Society of Professional Engineers.

Q. Have you previously provided expert testimony in regulatory matters?

A. Yes. I have previously provided testimony in a Combined Sewer Overflow Exception hearing before the Illinois Pollution Control Board while working at the IEPA.

INTRODUCTION

Q. What is the purpose of this proceeding?

A. On July 11, 2007, Illinois-American Water Company ("Illinois-American", "IAWC", or the "Company") filed an Application ("Application") for a Certificate of Public

Convenience and Necessity ("Certificate") to provide water service to a parcel located in Cook County, Illinois, pursuant to Section 8-406 of the Illinois Public Utilities Act ("Act"). Subsequently, on August 10, 2007, Illinois-American filed an Amended Application ("Amended Application") for a Certificate and for a Temporary Certificate of Public Convenience and Necessity ("Temporary Certificate") to provide water service to the same parcel identified and described in the Application.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to recommend to the Commission whether or not: (i) IAWC providing water service to a parcel in Cook County, Illinois, meets the public convenience and necessity requirements of Section 8-406 of the Act, and therefore should be issued a Certificate, (ii) the Company's proposed certificated service area for the parcel should be approved, and (iii) the Company's current rates, rules, regulations, and conditions of service tariffs for water service should be applicable to the proposed certificated service area.

Q. What information have you reviewed with respect to Illinois-American's requests in this proceeding?

A. I have reviewed the Company's Application, Amended Application, including Revised Exhibit A and Revised Exhibit B attached thereto, the Direct Testimony of Bob Khan (IAWC Exhibit No. BK-1.0), the Supplemental Direct Testimony of Bob Khan (IAWC Exhibit No. BK-2.0), a letter to the Cook County Department of

Buildings and Zoning (“Cook County”) from William J. Cooley, the attorney for the owner of the Accent Café commercial building (IAWC Exhibit BK 2.1), and Company Responses to Staff Data Requests WHA 1.01-1.21.

CERTIFICATE REQUIREMENTS (SECTION 8-406 OF THE ACT)

Q. Please explain what the requirements are for a public utility to receive a Certificate to construct water facilities and/or to provide water service to an area.

A. Section 8-406(b) of the Act, states in part:

No public utility shall begin the construction of any new plant, equipment, property or facility which is not in substitution of any existing plant, equipment, property or facility or any extension or alteration thereof or in addition thereto, unless and until it shall have obtained from the Commission a certificate that public convenience and necessity require such construction. Whenever after a hearing the Commission determines that any new construction or the transaction of any business by a public utility will promote the public convenience and is necessary thereto, it shall have the power to issue certificates of public convenience and necessity. The Commission shall determine that proposed construction will promote the public convenience and necessity only if the utility demonstrates: (1) that the proposed construction is necessary to provide adequate, reliable, and efficient service to its customers and is the least-cost means of satisfying the service needs of its customers; (2) that the utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof; and (3) that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

Q. Has Illinois-American demonstrated that the proposed construction is necessary to provide adequate, reliable, and efficient service to the customer?

125 **A.** Yes. The Company's construction, operation, and maintenance of the proposed
126 water facilities are necessary to provide adequate, reliable, and efficient water
127 service to the customer located within the proposed area for which a Certificate
128 is sought. (Amended Application, ¶11, p. 2, ¶15, p. 3) The Company currently
129 provides adequate, reliable, and efficient water service to customers within its
130 Chicago-Metro Division, Chicago Suburban District service area. The proposed
131 commercial customer has requested water service from IAWC because there is
132 no other means of obtaining adequate water service. (IAWC Exhibit No. BK-1.0,
133 p. 2, lines 40-43) Also, there are no other public water providers which are
134 willing and able to provide water service to this parcel. (IAWC Exhibit No. BK-1.0,
135 p. 4, lines 86-88)

136
137 **Q. Does the Company's water system currently have sufficient capacity to**
138 **meet the estimated demand from the customer within the proposed area**
139 **without constructing additional water facilities?**

140 **A.** Yes. According to information provided by the Company, current water supply
141 capacity for the Company's water distribution system of the Chicago-Metro
142 Division, Chicago Suburban District is rated at 11.45 million gallons per day
143 ("mgd"). The peak demand for the Company's Chicago-Metro Division, Chicago
144 Suburban District service area is approximately 5.32 mgd. The estimated
145 demand for water service from the commercial customer within the proposed
146 parcel is only 0.006 mgd. (IAWC Exhibit No. BK-1.0, p. 3, lines 61-65) The
147 effect of the additional estimated demand from the commercial customer within

the proposed parcel to the existing peak demand for the Company's Chicago-Metro Division, Chicago Suburban District should be negligible. Therefore, the Company's water system has sufficient capacity to meet the estimated demand from the customer within the proposed area without the need to construct additional water facilities.

Q. Has the Company demonstrated that the proposed construction is the least-cost means of providing water service to the customer in the proposed certificated service area?

A. Yes. Connecting to the Company's existing water distribution system is the least-cost means of providing water service to the customer in the proposed parcel. The proposed parcel is contiguous to Illinois-American's existing Chicago-Metro Division, Chicago Suburban District certificated service area. (Amended Application, ¶4, p. 1; Revised Exhibit A) It is typically most cost-efficient for an existing utility in the area to extend its water mains rather than have a new entity come into the area to establish water service. Thus, duplication of water distribution mains and associated unnecessary costs would be avoided. No other public water utility is presently serving the parcel for which a Certificate is requested, or is willing and able to provide water service to the proposed parcel. (Amended Application, ¶7, p. 2; IAWC Exhibit No. BK-1.0, p. 4, lines 86-88) The Company considered two different routes and connection points for the proposed water main extension and selected the route that required fewer feet of water main and no permits or easements, thus making it

the least-cost option. (Company Response to Staff Data Request WHA 1.15)

Q. Has Illinois-American demonstrated that it is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof?

A. Yes. The Company is capable of efficiently managing and supervising the construction necessary to serve the proposed parcel. Illinois-American is the largest investor-owned water and wastewater utility in Illinois and has many years of experience managing and supervising this type of construction. Experienced staff of the Company will manage and supervise this construction project. (IAWC Exhibit No. BK-1.0, p. 3, lines 69-71)

Q. Do you believe IAWC has met the requirements of Sections 8-406(b)(1) and (2) of the Act?

A. Yes. As such, I recommend that the Commission grant IAWC a Certificate to provide water service to the proposed parcel.

PROPOSED CERTIFICATED SERVICE AREA

Q. Please discuss the area for which Illinois-American is requesting a Certificate.

193 A. The parcel proposed for certification is contiguous with the Certificated Service
194 Area of the Company's Chicago-Metro Division, Chicago Suburban District. It is
195 currently occupied by a single commercial customer, the Accent Café, an
196 existing restaurant located at 700 North River Road, Mount Prospect, Illinois.
197 The total acreage for the proposed certificated service area is 1.64 acres. The
198 Company has provided a map and legal description attached to its Amended
199 Application as Revised Exhibit A and Revised Exhibit B.
200

201 **Q. Why is the Company seeking a Certificate to serve this parcel?**

202 A. Cook County has found the current source of water supply for Accent Café, a
203 private well, to be an inadequate water supply for fire suppression. (Amended
204 Application, ¶18, p. 3; IAWC Exhibit No. BK-1.0, p. 2, lines 43-45; IAWC Exhibit
205 No. BK-2.0, pp. 1-2, lines 23-26, p. 2, lines 32-34, lines 42-43) Therefore, the
206 owner of Accent Café has requested water service from the Company because it
207 does not have any other means of obtaining water service for its commercial
208 building. (Amended Application, ¶5, p. 2, ¶18, p. 3; IAWC Exhibit No. BK-1.0, p.
209 2, lines 40-43)
210

211 **Q. Was it necessary for the Company to obtain an Agricultural Impact**
212 **Mitigation Agreement with the Illinois Department of Agriculture?**

213 A. In response to Staff Data Request WHA 1.07, the Company stated that the water
214 main extension will not occur within agricultural lands. However, the Company

does have an Agricultural Impact Mitigation Agreement with the Illinois
Department of Agriculture.

RATES, RULES, REGULATIONS, AND CONDITIONS OF SERVICE TARIFFS

**Q. What Rates, Rules, Regulations, and Conditions of Service tariffs has the
Company proposed to be applied to the customer within the proposed
certificated service area for water service?**

A. The Company has proposed that the commercial customer be subject to the
Rates, Rules, Regulations, and Conditions of Service tariffs for water service on
file with the Commission, and in effect and applicable to the Chicago-Metro
Division, Chicago Suburban District of Illinois-American. (Amended Application,
¶10, p. 2; IAWC Exhibit No. BK-1.0, p. 3, lines 74-75, p. 4, lines 79-85; IAWC
Exhibit No. BK-2.0, p. 3, lines 52-53)

**Q. Do you agree with the Company's proposal to use the current Rates, Rules,
Regulations, and Conditions of Service tariffs for water service that are on
file with the Commission for the proposed customer?**

A. Yes. The Company's current Rates, Rules, Regulations, and Conditions of
Service tariffs for water service that are on file with the Commission and in effect
have been approved by the Commission for the Chicago-Metro Division service
area and should be applied to the proposed commercial customer.

238 **Q. Has the Company provided a justification for installing the proposed water**
239 **main extension that is larger than eight inches (8") in diameter in size?**

240 A. Yes. The diameter of the proposed water main is 10" in order to meet water
241 supply, water pressure, and fire protection requirements. Therefore, Accent
242 Café will be responsible for the cost of the 10" in diameter water main.
243 (Company Response to Staff Data Requests WHA 1.03, 1.04, and 1.19)

244

245 **Q. Is the proposed construction of the water main extension consistent with**
246 **the requirements of 83 Ill. Adm. Code 600.370 of the Commission's**
247 **regulations?**

248 A. Yes. The proposed construction of the water main extension to connect the
249 Accent Café parcel with the Company's existing Chicago-Metro Division,
250 Chicago Suburban District water distribution system is in accordance with 83 Ill.
251 Adm. Code 600.370 of the Commission's regulations and the Company's current
252 Rules, Regulations, and Conditions of Service tariffs for water service. (IAWC
253 Exhibit No. BK-1.0, p. 3, lines 53-55, p. 4, lines 77-78; Company Response to
254 Staff Data Request WHA 1.18)

255

256 **Q. What is the source of water supply for the Chicago-Metro Division, Chicago**
257 **Suburban District?**

258 A. Lake Michigan water is supplied to the Company's Chicago-Metro Division,
259 Chicago Suburban District through a connection with the Village of Glenview's
260 water distribution system. (Company Response to Staff Data Request WHA

1.21) Therefore, the Company purchases Lake Michigan water from the Village of Glenview for the Chicago Suburban District service area and is subject to the Purchased Water Surcharge Rider. (IAWC Exhibit No. BK-1.0, p. 4, lines 83-85)

RECOMMENDATIONS AND CONCLUSION

Q. What are your recommendations to the Commission with respect to Illinois-American's Amended Petition?

A. I recommend that the Commission find that:

(1) Illinois-American has demonstrated that the proposed water main extension is needed in order to provide adequate, reliable, and efficient water service to the commercial customer within the parcel proposed for Certification;

(2) Illinois-American has demonstrated that construction of the proposed water main extension is the least-cost means of providing water service to the commercial customer within the parcel proposed for Certification;

(3) Illinois-American has demonstrated that it is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof;

283 (4) The Company's current Rates, Rules, Regulations, and Conditions of Service
284 tariffs for water service applicable to the Chicago-Metro Division be applicable to
285 the proposed parcel; and,
286

287 (5) The Certificate be granted to provide water service to the proposed parcel
288 located in Cook County, Illinois, according to the map and legal description
289 attached to the Company's Amended Petition as Revised Exhibit A and Revised
290 Exhibit B, respectively.
291

292 Q. Does this conclude your prepared direct testimony?

293 A. Yes.